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Message Text

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64
ACTION ARA-06

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 INR-05 CIAE-00

SP-02 L-01 EB-03 /037 W
---------- 067511
R 070139Z MAR 75
FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 6573

C O N F I D E N T I A L MEXICO 2040

LIMDIS

E.O. 11652: GDS
TAGS: ESTC, CPAS, MX, CUBA
SUBJ: AMERICAN MOTORS PARTICIPATION IN HAVANA TRADE FAIR

1. MINISTER OF COMMERCE AND INDUSTRY CAMPILLO SAINZ TOLD AMBASSADOR JOVA EVENING OF MARCH 5 THAT AMERICAN MOTORS HAD NOT SUBMITTED APPLICATION TO PARTICIPATE IN HAVANA TRADE FAIR. CAMPILLO SAINZ ALSO SAID THAT IT WAS HIS UNDERSTANDING THAT US EMBASSY HAD TOLD AMERICAN MOTORS THEY DID NOT NEED PERMISSION TO PARTICIPATE AT FAIR; BUT AMERICAN MOTORS WAS FEARFUL OF DOING SO.

2. AMBASSADOR CHECKED WITH UNDERSECRETARY BECKER MORNING OF MARCH 6 CONCERNING AMERICAN MOTORS AND TO INSURE THAT BECKER WAS UNDER NO MISUNDERSTANDING WHATSOEVER ABOUT THE NEED FOR PERMISSION BOTH TO PARTICIPATE AND TO SELL IN CUBA. BECKER REPLIED THAT FROM HIS MEETING WITH AMBASSADOR ON FEBRUARY 19, AND FROM HIS MEETING WITH ASST. SECY. ROGERS, HE UNDERSTOOD MATTER PERFECTLY. BECKER ALSO ASKED THAT WE SPEAK TO LOCAL REPRESENTATIVES OF AMERICAN MOTORS.

3. UNLIKE OTHER AMERICAN AUTOMOTIVE FIRMS, AMERICAN MOTORS IN MEXICO IS 62 PERCENT OWNED BY SOMEX (A GOM FINANCIAL ENTITY) 37 PERCENT BY AMERICAN MOTORS, 1 PERCENT BY MISCELLANEOUS MEXICAN STOCKHOLDERS. ALL OF THE BOARD OF DIRECTORS ARE MEXICANS. THE FIRM IS KNOWN IN MEXICO AS VEHICULOS AUTOMOTORES MEXICANOS,
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S.A., C.V.

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4. IN THE AFTERNOON OF MARCH 6 MR. ORDORICA TUNON, ADMINISTRATIVE MANAGER, AND MR. GUTIERREZ SOLA, MANAGER OF THE JEEP LINE, CALLED ON E/C COUNSELOR. THEY HAD WITH THEM COPY OF A LETTER FROM AMERICAN MOTORS FIRM IN THE U.S., WHICH SPELLED OUT PENALTIES FOR TRADE WITH CUBA. IN ADDITION, THE JEEP WAS DESCRIBED AS A STRATEGIC PRODUCT. AS FAR AS WE COULD TELL LETTER WAS RESULT OF MORE OR LESS ROUTINE INQUIRY AND RECEIVED STANDARD REPLY SETTING FORTH LAW AND THE PENALTIES.

5. THE LOCAL FIRM HAD APPARENTLY BEEN SCARED OFF BY THIS LETTER AND HAD TOLD IMCE THAT FIRM DID NOT INTEND TO PARTICIPATE MR. CANAVATI, DIRECTION DE PROMOCION INTERNACIONAL, IMCE, HAD TOLD THEM TO GET IN TOUCH AGAIN WITH UNDERSECRETARY BECKER.

6. MR. ORDORICA AND MR. GUTIERREZ CONFIRMED THAT IN VIEW OF THIS LETTER NO FORMAL APPLICATION HAD BEEN FILED IN WASHINGTON. E/C COUNSELOR CONFIRMED THAT THE LAW WAS STILL VERY MUCH IN FORCE BUT POINTED OUT THAT THE LAW PROVIDES ALSO FOR APPLICATIONS TO BE SUBMITTED TO TREASURY AND COMMERCE. HE URGED THEM, IN VIEW OF CIRCUMSTANCES SURROUNDING MEXICAN PARTICIPATION AT HAVANA FAIR AND MEXICAN CHARACTER OF FAIR, TO SUBMIT APPLICATIONS ON AN URGENT BASIS.

7. IN REPLY TO E/C COUNSELOR'S DIRECT QUESTION, BOTH VISITORS CONFIRMED THAT THEY HAD NOT BEEN IN TOUCH WITH AMERICAN EMBASSY ON THIS MATTER AND THAT NO ONE CONNECTED WITH EMBASSY HAD TOLD THEM THEY NEED NOT HAVE A LICENSE EITHER TO EXHIBIT OR TO SELL IN CUBA. THEY HAD NO IDEA WHERE THE RUMOR HAD COME FROM ABOUT EMBASSY'S SAYING NO PERMISSION WAS NEEDED TO EXHIBIT.
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE FAIRS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 MAR 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MEXICO02040
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750081-0193
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750372/aaaacnas.tel
Line Count: 93
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 10 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 SEP 2003 by BoyleJA>; APPROVED <11 SEP 2003 by GolinoFR>
Review Markings:

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US Department of State
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05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AMERICAN MOTORS PARTICIPATION IN HAVANA TRADE FAIR
TAGS: ESTC, CPAS, MX, CU, US, AMERICAN MOTORS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006